

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing a Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link-Up)	WC Docket No. 03-109

REPLY COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION

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SUMMARY

While there are numerous aspects of ICC/USF reform that are important to Frontier, the underlying theme to Frontier's proposals is that support should not be removed where it is being used effectively today and, should the Commission find a change in support is appropriate, an adequate transition is critical. The record in this proceeding demonstrates the importance of adhering to this theme throughout the reform process.

Frontier supports the reduction of intrastate rates to interstate levels in order to rationalize the current ICC system but urges that any such reduction must be done over a period of at least five years; this view is supported in the record by numerous disparate parties. The record also demonstrates that it is important for the Commission to resist the temptation to label either bill and keep or some arbitrarily low default traffic rate (i.e., \$0.0007/min) as the end-state of ICC reform in order to avoid disrupting access to capital; instead the Commission should pause and reassess the end-state after the transition of intrastate rates to interstate levels.

The record supports Frontier's position that the Commission's proposed transition from the current High Cost Fund to the Connect America Fund ("CAF") must be done in such a way that does not undermine support for all those carriers that are deploying broadband today in high cost rural areas today. The Commission should not undercut IAS support--by eliminating it over a two-year period--to those companies, such as Frontier, that are using the funding to meet the Commission's broadband deployment goals. Those carriers that are using IAS funding appropriately should maintain their current funding levels so long as they agree to certify the funding is being used for broadband expansion. Further, Frontier should not be eliminated from funding contention merely because it has made broadband commitments before the FCC.

The Commission should also ensure that its programs target the high-cost areas in greatest need of support. The Commission can do so in a number of ways including repurposing current programs (such as High Cost Model support) and also by ensuring that CAF funding only goes to those areas that are truly uneconomic to serve based on cost and density.

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Lifeline and Link-Up)	WC Docket No. 03-109

REPLY COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION

**I. FRONTIER’S INTEREST IN THE REFORM PROCESS STEMS FROM ITS
COMMITMENT TO RURAL BROADBAND DEPLOYMENT**

Frontier Communications Corporation (“Frontier”) hereby submits the following reply comments in response to the Federal Communications Commission’s (“Commission” or “FCC”) request for comment on its *Notice of Proposed Rulemaking* addressing reforms of the Universal Service Fund (“USF”) and intercarrier compensation (“ICC”).¹ These reply comments

¹ *In re*: Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45, *Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking*, FCC 11-13 (rel. Feb. 9, 2011) (“*NPRM*”).

supplement the responses Frontier provided in response to the *NPRM*² and also to the Commission's expedited inquiry on ICC arbitration in Section XV of the *NPRM*.³

The voluminous comments responding to the *NPRM* vary widely on nearly every topic upon which the Commission sought comment. Frontier does not submit these replies comments in order to dispel every opposing viewpoint voiced in the initial round; instead these replies highlight the key aspects of ICC and USF reform that, if transitioned appropriately, will help to achieve the goal of Congress and the FCC, outlined in the National Broadband Plan,⁴ to ensure that every American has access to broadband.

The *NPRM* states that “as important as [the benefits of broadband] are in America's cities—where more than two-thirds of residents have come to rely on broadband—the distance conquering benefits of broadband can be even more important in America's more remote small towns, rural and insular areas, and Tribal lands.”⁵ The territory over which Frontier provides broadband, and has made significant deployment commitments, consists significantly of America's remote small towns, rural and insular areas, and Tribal lands—and its ability to provide voice service ubiquitously and continue to deploy broadband is based partly upon the current ICC/USF systems. Accordingly Frontier urges the Commission to fully consider the effects that any ICC and USF reform will have on providers like Frontier that have made it their mission to bring broadband to high-cost and rural areas.

² Comments of Frontier Communications Corp., WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 (filed Apr. 18, 2011) (“Frontier *NPRM* Comments”).

³ See Comments of Frontier Communications Corp., WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 (filed Apr. 1, 2011); Reply Comments of Frontier Communications Corp., WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 (filed Apr. 18, 2011).

⁴ FEDERAL COMM'NS COMM'N, OMNIBUS BROADBAND INITIATIVE, CONNECTING AMERICA: THE NATIONAL BROADBAND PLAN, GN Docket No. 09-51 (2010).

⁵ *NPRM* at ¶ 3.

While there are numerous aspects of ICC/USF reform that are important to Frontier, the underlying theme to Frontier's proposals is that support should not be removed where it is being used effectively today and, should the Commission find a change in support is appropriate, an adequate transition is critical. The record in this proceeding demonstrates the importance of adhering to this theme throughout the reform process. It is easy to become distracted by the comments of the parties that either have not deployed broadband to rural America when given the chance or seek to use rural broadband networks for their own ends without incurring any cost to do so. If the Commission's goal is truly to enhance rural broadband, it should pay particular attention to those who are meeting the goal today and will continue to be depended upon for rural deployment in the future.

II. THE RECORD SUPPORTS AMPLE TRANSITION TIME FOR HARMONIZING INTRASTATE AND INTERSTATE RATES WITHOUT PREDETERMINING THE REFORM END-STATE

Frontier supports the reduction of intrastate rates to interstate levels in order to rationalize the current ICC system but urges that any such reduction must be done over a period of at least five years.⁶ CenturyLink offers a similar ICC reform proposal to Frontier's, advocating for intrastate rate reduction to interstate levels "set forth in a Commission ICC reform order issued before the end of this year [and] accomplished during a two-to-four-year period following that order."⁷ Given the significant similarities between Frontier and CenturyLink, the similarities of the proposals may not be surprising, yet several other types of providers, including wireless companies not associated with the large ILECS, also recognize that mid-size ILECs need a longer transition period for ICC reform.

⁶ See Frontier *NPRM* Comments at 5.

⁷ Comments of CenturyLink, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 59 (filed Apr. 18, 2011) ("CenturyLink Comments").

T-Mobile proposes that while the rates of the three largest ILECs should be moved from current rates to bill and keep over a three year period, “[a] more modest intrastate/interstate access unification transition could be applied to all other ILECs and the competitive carriers operating in their service areas, with the option of a further reduction, if necessary.”⁸ Under this theory, Frontier and other mid-size ILECs would receive three years in which to transition intrastate rates to interstate levels while smaller rate of return carriers would receive four years to do the same.⁹ Even Sprint, which advocates aggressively for the elimination of access charges, proposes a similar three-year transition for mid-size carriers and a four-year transition for smaller carriers because it recognizes the importance of access charges to these companies.¹⁰

Numerous competitive carriers propose a five-year period for harmonizing intrastate and interstate rates. Cbeyond *et al.* propose a five-year transition period to accomplish rate harmonization,¹¹ noting, consistent with Frontier’s position, that, “a gradual, multi-year transition would also allow incumbent and competitive LECs to undertake the necessary adjustments in their businesses resulting from the dramatic reductions.”¹² Earthlink similarly supports a five-year transition period with the astute rationale that:

The financial markets also desire certainty and a measured transition. Some analysts have warned that too rapid a transition could result in a market refusal to finance continued broadband deployment, a refusal to extend additional capital to mid-sized and smaller LECs (including competitive carriers), or at a minimum a substantial increase in their cost of capital that could be avoided with a measured transition with more gradual rate reductions.”¹³

⁸ Comments of T-Mobile, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 26-29 (filed Apr. 18, 2011).

⁹ *Id.* at 28.

¹⁰ Comments of Sprint, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 9 (filed Apr. 18, 2011) (“Sprint Comments”).

¹¹ Comments of Cbeyond, Inc., Integra Telecom, Inc., and TW Telecom, Inc., WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 4 (filed Apr. 18, 2011) (“Cbeyond *et al.* Comments”).

¹² *Id.* at 6.

¹³ Comments of Earthlink, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 12 (filed Apr. 18, 2011) (“Earthlink Comments”).

Frontier supports this position as it is consistent with its own statements that the Commission must “ensure that reforms that are intended to be beneficial do not have the unintended consequence of harming communications providers’ ability to repay current loans targeted to broadband deployment, which would prevent providers from utilizing such capital sources in the future.”¹⁴ While the proposed timeframes for harmonizing intrastate and interstate rates vary, the five-year transition for mid-size carriers, which provides an appropriate glidepath for Frontier to continue its current pace of broadband deployments, is supported by the record.

To this end, the record also demonstrates that it is important for the Commission to resist the temptation to label either bill and keep or some arbitrarily low default traffic rate (i.e., \$0.0007/min) as the end state of ICC reform in order to avoid disrupting access to capital. Frontier supports CenturyLink’s position that after intrastate and interstate rate harmonization, the Commission should “then pause and re-evaluate the need and desired time for subsequent ICC rate reform” because adopting bill and keep or a very low uniform rate “do[es] not incent the necessary investment today for the networks of the future and they will create rate shock and otherwise adversely impact consumer rates.”¹⁵ Earthlink agrees, noting that “[t]he pause will allow the industry and the Commission the ability to evaluate the impact of the reforms adopted for phantom traffic, access stimulation, and access rate equalizations completed in the first phase of this proceeding.”¹⁶ Further, Earthlink correctly argues that “pausing after rate harmonization also permits the industry, state commissions, and the FCC to evaluate the benefits of, and incremental progress in, deploying IP technology and IP-based interconnection throughout the

¹⁴ Frontier *NPRM* Comments at 4.

¹⁵ CenturyLink Comments at 59-60.

¹⁶ Earthlink Comments at 12.

public telecommunications network.”¹⁷ PAETEC further supports the need for a pause because to do otherwise “would disrupt their settled business plans, and either raise their cost of capital or obstruct entirely their access to capital markets that is so critical for the continued deployment of broadband.”¹⁸

Those commenters who argue that transitioning to bill and keep or an arbitrarily low default rate is necessary to promote the move to IP-based networks¹⁹ ignore the reality of the capital investment necessary to do so. Like many traditional voice providers, Frontier will be converting its traditional TDM networks to IP-based networks over time but there is significant capital cost involved. While the day-to-day cost of operating the network will be more efficient after making these conversions in long run, in the short-term providers incurring these costs need access to capital—both capital derived from ICC revenues and from access to debt markets at reasonable rates—to make these conversions.

The Commission cannot ignore comments such as those noted above that demonstrate that a premature transition to an arbitrary “end-state” diminishes these providers’ ability to make the very transitions to IP-based networks that the Commission holds as a goal. Predetermining an end-state of either bill and keep or \$0.0007 is detrimental because it may not be the appropriate solution to compensate carriers for their costs. The State Joint Board members support this concept, stating that, “[a] zero rate is simply a mandate allowing one carrier license to use

¹⁷ *Id.* at 13.

¹⁸ Comments of PAETEC Holding Corp., Mpower Communications Corp., U.S. Telepacific Corp., RCN Telecom Services, LLC, & TDS Metrocom LLC, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 19 (filed Apr. 18, 2011).

¹⁹ *See, e.g.*, Sprint Comments at 4 (“Among other things, this system is ‘hindering progress to all IP networks’ by ‘creat[ing] the perverse incentive to maintain and invest in legacy, circuit-switched-based ... networks’”) (internal citations omitted); Comments of Comcast, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 4 (filed Apr. 18, 2011) (“the current intercarrier compensation system affirmatively discourages carriers from upgrading from time-division multiplexing technology to Internet protocol IP technology.”); Comments of CTIA, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 36 (filed Apr. 18, 2011).

another carrier's facilities without compensation. State Members do not believe that the arrival of the Internet has repealed the economic principle that both parties to a commercial transaction should benefit. State Members do not see a 'bill and keep' system as inevitable or even as desirable."²⁰

Frontier supports CenturyLink's assessment that "all-IP networks are fundamentally different from TDM networks from virtually every standpoint. . . . If left alone, market forces will drive sound economic choices about things like compensation and interconnection. And, if the Commission sought to anticipate that and drive a certain model or pick winners and losers in advance, it will get it wrong."²¹ And, as a Verizon executive recently noted on a Commission-sponsored panel on ICC reform, once the rate is set at a level it is difficult, if not impossible, to raise the rate again.²² Therefore the Commission must not make critical decisions on access charges in advance, without full knowledge of the state of the market at that time.

III. ANY TRANSITION TO THE CAF SHOULD SUPPORT THE CARRIERS THAT ARE DEPLOYING BROADBAND TODAY

The record supports Frontier's position that the Commission's proposed transition from the current High Cost Fund to the Connect America Fund ("CAF") must be done in such a way that does not undermine support for all those carriers that are deploying broadband today in high cost rural areas today. As ITTA notes, "[m]id-size telephone companies serving price-cap areas are also successfully providing broadband services throughout much of their territories and have

²⁰ Comments of the State Members of the Federal State Joint Board on Universal Service, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 150-51 (filed May 2, 2011).

²¹ CenturyLink Comments at 71.

²² Kathy Grillo, Verizon Communications, Remarks at Fed. Comm'n's Comm'n Universal Service and Intercarrier Compensation Reform Workshop 103 (Apr. 6, 2011) (transcript available at http://transition.fcc.gov/presentations/04062011/2011_04_06-transcript.pdf) ("One of the things we've said is you can always move to zero eventually. Once you move to zero, it's hard to move back up to .0007. You can always go to .0007 and the Commission can decide after that whether it makes sense to keep a positive or not and to move to bill-and-keep.").

brought broadband to a substantially larger percentage of customers in rural areas than larger carriers.”²³ Yet the *NPRM*’s proposals do not adequately account for this fact and indeed would make it difficult for Frontier to continue its substantial broadband deployments.²⁴

A. The Commission Should Promote Immediate Broadband Deployments by Allowing Current IAS Recipients to Certify that the Funding is Being Used to Expand Broadband

As noted in its initial comments, IAS is the most significant source of universal service funding for Frontier and Frontier is actively using these funds to deploy broadband throughout its newly-acquired territories. Frontier, has now deployed broadband to an additional 323,000 households since acquiring the former Verizon territories on July 1, 2010,²⁵ (up 83,000 households from when Frontier filed its initial comments in this docket a month and a half ago)²⁶ using IAS funding as a key component of its business model. The Commission should not undercut IAS support--by eliminating it over a two-year period as proposed in the *NPRM*²⁷--to those companies, such as Frontier, that are using the funding to meet the Commission’s broadband deployment goals. Those carriers that are using IAS funding appropriately should maintain their current funding levels so long as they agree to certify the funding is being used for broadband expansion.

²³ Comments of ITTA, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 3 (filed Apr. 18, 2011) (“ITTA Comments”).

²⁴ See Frontier *NPRM* Comments at 2-3 (“Frontier’s broadband deployment commitments are specific and meaningful: using its revenues to invest in America’s future by deploying broadband with download speeds of at least 4 Mbps to 85 percent of the territories it acquired from Verizon (4.8 million access lines across 14 states) by 2015. Frontier’s new territories had only 62 percent broadband coverage when Frontier acquired them, in contrast to a 92 percent broadband deployment rate in Frontier’s legacy territory. Frontier’s preexisting broadband deployment rate of 92 percent, which it achieved in a less dense area, demonstrates Frontier’s past and continued support to broadband deployment.”).

²⁵ Press Release, Frontier Communications Corp., Frontier Communications Reports 2011 First Quarter Results (May 5, 2011).

²⁶ Frontier *NPRM* Comments at 16 (reporting broadband deployment to 240,000 households at the end of 2010).

²⁷ *NPRM* at ¶¶ 233-240.

Frontier acknowledges that some carriers have not always used IAS funding to increase rural service; instead these carriers focused the funding to upgrade urban areas.²⁸ Yet the past performance of some carriers is no reason to eliminate funding that is already properly targeted. Accordingly, Frontier rejects Free Press' characterization of IAS as a "large ILEC slush fund"²⁹ and XO Communications' view that "there is scant evidence that IAS is required any longer to ensure the availability of rural voice service on reasonable terms."³⁰ As CenturyLink correctly states, IAS is used "to offset the high costs to provide services in the wire centers for which it receives support and to keep basic service rates in those wire centers affordable."³¹

IAS funding has been a key component in enabling Frontier to deploy broadband to rural areas. Frontier agrees with CenturyLink that "IAS supports quality voice services in high-cost areas and enables private investment to extend broadband service where a business case can be made" so "rapidly eliminating IAS . . . will materially reduce the business case for deploying broadband."³² Some commenters, such as Sprint, question IAS' efficacy as a support mechanism stating that it is not effectively structured to promote broadband deployment.³³ Yet Frontier's proposal for IAS-recipients to certify that the funding is used for broadband³⁴ would eliminate any perceived structural deficiencies.

²⁸ Frontier *NPRM* Comments at 16-17.

²⁹ Comments of Free Press, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 4 (filed Apr. 18, 2011).

³⁰ Comments of XO Communications, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 38 (filed Apr. 18, 2011).

³¹ CenturyLink Comments at 27.

³² *Id.* at 28.

³³ Sprint Comments at 33.

³⁴ Frontier *NPRM* Comments at 14.

CenturyLink notes that, “relative to other high-cost mechanisms, IAS is better targeted to high-cost areas,”³⁵ making it the ideal program to be quickly and explicitly targeted to rural broadband expansion. In this way, the Commission can receive immediate assurance of rural broadband expansion while carriers that have come to depend on IAS for their broadband deployments will not have a significant funding source rapidly removed. The Communications Workers of America support this concept, proposing that “the Commission develop a plan to maintain current levels of IAS support to price cap carriers until such time as the CAF is fully implemented, with IAS funding used specifically for broadband expansion in unserved areas.”³⁶ Further, if a company does not want to use IAS funding towards broadband deployments, then that money can be returned and phased into the CAF. In total, this is an efficient method of using the existing systems to guarantee continued broadband expansion in the most rapid fashion as there is virtually no transition time necessary.

B. The Commission Should Take Immediate Reforms to Target Support to the Truly High Cost Areas

Frontier supports Windstream’s proposal to repurpose certain inefficient high cost funding mechanisms to target the truly high-cost wire centers.³⁷ While the *NPRM* contains numerous plans to repurpose funding in the long run, Frontier agrees that Windstream’s proposal would “shorten the timeline for comprehensive reform and accelerate the necessary, *full* transition to the CAF.”³⁸ By combining current High Cost Model funding, which currently serves to benefit

³⁵ CenturyLink Comments at 28.

³⁶ Comments of Communications Workers of America, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 9 (filed Apr. 18, 2011).

³⁷ Comments of Windstream Communications, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 9-11 (filed Apr. 18, 2011) (“Windstream Comments”). Windstream refers to this proposal as the “Price Cap Areas First Proposal.”

³⁸ *Id.* at 9.

only 10 states due to statewide averaging, with rural price cap High Cost Loop support and targeting it on a wire center level, Windstream's proposal provides an effective manner of immediate high cost support for broadband.

Though Frontier currently receives both High Cost Model support and High Cost Loop support, it agrees that these programs could be reformed to more adequately target support to high cost areas that need it. Frontier supports Windstream's position that switching to a mechanism based on forward looking costs by wire center "would maximize the utility of high-cost support" by "using forward looking costs [that] provide[] sufficient support without giving carriers an incentive to inflate their costs or to refrain from efficient cost-cutting."³⁹ Frontier believes that the *NPRM* does not sufficiently address the fact that current high-cost infrastructure will continue to require support even as funds shift to the CAF for broadband deployment in unserved areas. The Windstream proposal takes an important first step towards providing targeted support to the high-cost wire centers that will require the most ongoing support in the future.

C. The CAF Must Target High-Cost and Low Density Areas That Are Truly Uneconomic to Serve

The Commission should continue its focus on targeting high-cost, low-density areas that are unserved and underserved as it transitions to broadband funding via the CAF. Frontier supports ITTA's statement that, "[s]election of the geographic area that forms the basis for CAF support is one of the most important issues to be resolved in this proceeding. Selecting an area that is too large will inevitably include locations which are not high cost and thus not in need of support."⁴⁰ The simple fact is just because an area is unserved does not mean it is uneconomic to provide

³⁹ *Id.* at 10.

⁴⁰ ITTA Comments at 32.

service. As Frontier noted in its initial comments, “[m]any of the nation’s largest broadband providers have a history of avoiding broadband deployments in their rural territories, even in the more populated rural areas, in favor of concentrating investment on more lucrative urban areas.”⁴¹ The Commission should use a targeted cost model to determine its broadband funding to ensure that it establishes a benchmark support level necessary to receive CAF funding under which it is presumed that providing broadband is economical so no support is necessary. Doing such a calculation would ensure that there is ample CAF funding for the high-cost, low-density unserved and underserved areas that truly need funding.

D. Frontier, With Its Proven Track Record of Deploying Broadband, Should Not Be Disqualified from Receiving CAF Support

Frontier noted in its initial comments that “[a]s the Commission determines which carriers will be eligible for CAF support—support designed to further broadband deployment—it must not undermine those companies that have explicitly committed to carrying out the Commission’s broadband deployment goals by making deployment commitments.”⁴² Specifically, Frontier disagrees with the *NPRM*’s proposal to disallow Frontier from receiving funding for targeting broadband deployments to unserved areas due to its broadband deployment commitments in 2010.⁴³ With the exception of the Public Service Commission of the District of Columbia (“DC PSC”), no commenters disagreed with this position.

The DC PSC asserts, specifically mentioning Frontier, that “it is clear that there are commitments to deploy broadband services that formed the basis of Commission public interest findings. These should not be ignored. Rather they should be specifically considered when the

⁴¹ Frontier *NPRM* Comments at 16.

⁴² Frontier *NPRM* Comments at 14.

⁴³ *Id.*

Commission is determining whether there are unserved areas that require CAF support.”⁴⁴ The DC PSC further posits that:

There are many examples of cases in which the Commission has heard and accepted promises of broadband infrastructure deployment in return for agreeing to a transaction that might not otherwise be considered in the public interest. Indeed, it seems quite fashionable to promise broadband services to large swaths of the U.S. population when companies want something. The Commission must not forget those promises; it must employ an organized system of enforcement that ensures that promises of broadband infrastructure deployment are kept.⁴⁵

The DC PSC implies that Frontier and others, such as Fairpoint (neither of which serve any part of the District of Columbia) will not live up to their broadband commitments made before the Commission during acquisitions and mergers. In the case of Frontier, this is completely false. Frontier’s initial comments show that Frontier has already provided broadband deployments to 240,000 new households in its territories since July 1, 2010, and plans to fully live up to its deployment commitments, if not surpass them.

The key concept the DC PSC ignores is that not only would Frontier potentially be eliminated from this round of funding, but the *NPRM* also contains plans to eliminate some of Frontier’s other sources of funding—access charges and IAS support—at the same time. At the time Frontier made these commitments over a year ago, it did so in reliance on the level of funding that it received then; if this funding is rapidly removed, Frontier would face much greater difficulty in accessing the capital necessary to make the very deployments to rural America the Commission seeks. It is important to note that Frontier made these commitments at support levels and intercarrier compensation rates that were the same as the prior owner, not more. The issue is not one of false promises, but of stability in the economic platforms on which

⁴⁴ Comments of the Public Service Commission of the District of Columbia, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45 at 5 (filed Apr. 18, 2011).

⁴⁵ *Id.* at 6.

those commitments were made. Accordingly Frontier urges the Commission to allow those that have made commitments to receive funding to fulfill them.

IV. CONCLUSION

For the foregoing reasons, Frontier respectfully requests the Commission to modify its intercarrier compensation and universal service reform plans as set forth above to best ensure effective rural broadband deployment.

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